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Prime Minister Brigadier General Vasco Goncalves told the Portuguese people, in a television address late last night, that they had just lived through "a first full-fledged attack by reaction" on the government set up after the coup on April 25. He said the pro-Spinola demonstration scheduled for September 28, the cancellation of which triggered two days of tensions, was directed against the Armed Forces Movement. Goncalves assured his listeners that the country's vigilant response had strengthened the unity between the armed forces and the Portuguese people and improved the conditions for the development of democracy in Portugal. Goncalves defended the government's achievements, particularly the decolonization policies in Africa, and re-emphasized the determination of the Armed Forces Movement to carry out its program and to avoid civil war in Portugal "above all."

The Prime Minister did not refer to President Antonio de Spinoia, who is scheduled to address the nation at 5 am. (EDT) today.

The political temperature began rising on Saturday when the Armed Forces Movement, which is dominated by young, left-leaning officers, persuaded President Spinoia to cancel a political rally that had been billed as a pro-Spinola demonstration by the "silent majority." The movement, and virtually all other political forces to the left of center, regarded the rally as the beginning of an effort by the political right to eventually regain power in Portugal.

The sponsors of the rally probably were hoping, in fact, for a large demonstration in favor of Spinoia that would help him in his continuing contest for power with Premier Goncalves, one of the leaders of the movement. Rightists may have planned to provoke violence at the rally, and this could have been used by Spinoia as evidence that the government could not maintain order and should be replaced by one that could.

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Spinola met yesterday with the Coordinating Committee of the Armed Forces Movement, presumably to discuss the status of the government. It seems certain that the movement is insisting on curbing Spinola's authority and increasing its own. A communiqué issued by the movement yesterday said the object of the meeting is "to reach the logical political decisions arising from the de facto situation that has been created."

Spinola has been aided in previous disputes with the left by chief of staff General Costa Gomes, who is highly respected throughout the armed forces. On this occasion, Costa Gomes appears at the last moment to have thrown his weight against the rally. Without the support of Costa Gomes in the future, Spinola's position will be seriously weakened.

Another effect of the developments over the weekend will be to reduce the chances of an orderly campaign leading to the scheduled election next March. Regardless of what ulterior motives they may have had, conservatives have been prevented from having a political rally at a time when leftist demonstrations are commonplace. Political parties of the center and right, which have just begun to emerge, may conclude that they cannot gain power except by force.

The affair also demonstrated once again that the left, and the Communist Party in particular, is far better organized than any other political group. The Communists mobilized all of their considerable assets in the media and in labor to achieve their objectives. They also effectively sealed off access to Lisbon in order to keep attendance at the rally low. Leftist vigilantes were observed with Communist Party armbands directing traffic and searching cars. According to the US consul in Oporto, Communist Party members were able to stop all railroad traffic from the north.

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JAPAN - NORTH VIETNAM

Tokyo and Hanoi have agreed "in principle" to the establishment of a Japanese embassy in North Vietnam and to a delay in the final decision on Japanese aid. Although no date has been set for the opening of the embassy, Tokyo hopes to sign a written agreement within the next several weeks.

The Japanese government will immediately give North Vietnam about \$16 million in aid and will settle in future negotiations the difference between Tokyo's total offer of some \$40 million and Hanoi's request for \$49 million. No further mention will be made of reparations payments.

Hanoi's demand that Tokyo recognize the PRG, a stumbling block to the exchange of embassies after Japanese recognition of the North in September 1973, has been dropped. Hanoi is insisting that the final agreement express a Japanese willingness to facilitate visits of PRG representatives, but Tokyo hopes to ensure that the phraseology not imply even a limited recognition of the Viet Cong government.

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NIGERIA

Nigeria tomorrow will mark the 14th anniversary of its independence--an occasion General Gowon usually uses to review the country's problems and make major policy declarations. This year, the military government is faced with some of its most urgent economic and political decisions since the end of the civil war in January 1970.

Internal tensions have been gradually building for several months, and Gowon's pronouncements will receive especially close scrutiny. There are no indications that serious trouble is imminent, but it will be important for Gowon to succeed in reassuring various dissatisfied groups that steps will be taken to relieve their discontent.

The country's top policy-making body--the Supreme Military Council--ended several days of deliberation this weekend. Plans reportedly have been approved for a major shuffle of senior officers and civilians in the government. This apparently will involve the replacement of most, if not all, state military governors and federal commissioners with army and police officers.

The decision to replace senior officials in the government probably was made in part to open slots for grumbling middle-grade officers. Also, the image of the military government has been tarnished by recent press charges of corruption against many officials to be replaced. Gowon apparently intends to keep key military service chiefs in place, and some of the outgoing military governors may be given posts as commissioners.

The government is also likely to lift its two-year-old wage freeze. This may be followed by sizable pay raises for the labor force. Nigerian workers have been hard hit by inflation. Unless their wages are improved soon, widespread labor unrest is probable, despite the military's ban on strikes.

Gowon tomorrow may also clarify the government's intentions toward honoring its pledge to return Nigeria to civilian rule in 1976.

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[] a majority of the members of the Supreme Military Council have recently spoken in favor of the military's remaining in power beyond 1976. It is not clear whether Gowon and his colleagues mean that military rule might be extended for a few more years or retained indefinitely. There is growing suspicion among many Nigerians, in particular former politicians and students, that the military has no intention of stepping down, and Gowon will have to allay such fears in any pronouncement he makes.

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Gowon may well back away from the target date of 1976 for restoring Nigeria to civilian rule. The government has moved forward since 1970 on only three points of a nine-part program of political and economic changes Gowon insists must be completed by 1976. The key to more rapid progress is the availability in the near future of politically acceptable census figures.

The provisional census results announced last May have stirred old tribal and regional animosities, which could threaten Nigeria's stability if allowed to get out of hand. Infighting by former politicians over the census issue culminated recently in the resignation of a federal commissioner on corruption charges. This probably has heightened the military's basic distrust of Nigeria's old guard politicians. It is now open to question whether the ban on politics in effect since 1966 will be lifted--as the military apparently planned to do this fall--in order to facilitate the organization of national political parties.

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ETHIOPIA

The Ethiopian radio announced on Saturday that Lieutenant General Aman Mikael Andom has been replaced as armed forces chief of staff. He will retain his other three posts--titular head of the government, defense minister, and chairman of the predominantly civilian cabinet.

The change occurred against the background of reported antagonism between Aman and members of the still shadowy Armed Forces Coordinating Committee. Aman's rivals may have compelled him to step down as chief of staff so as to decrease his power or to reduce the danger that he might use his top command position to order troops to do his bidding. On the other hand, Aman may have willingly given up the job in order to have more time for his three civilian posts, which he may consider enhance his political power base.

During the past two weeks, a proclamation of the new government and a press conference by Aman revealed the status of the military committee and Aman's relationship to it. The 120-man committee, consisting of persons ranging from private to major and elected from all branches of the army and police, was described by Aman as the nation's supreme authority. The proclamation and the general's comments made it clear that he was not the head, or even a member, of the ruling committee. There have been unconfirmed reports that a smaller group, perhaps even including some persons not on the committee, is ruling from behind the scenes.

The nature of Ethiopian society makes it likely that whatever group is in charge is divided in various ways: personal rivalries, ethnic differences, and associations based on loyalties to region, social class, and military unit. The ruling group also appears to be divided on larger political questions, such as the future of Haile Selassie and the monarchical institution, whether and when power should be returned to civilians, and Ethiopia's future ties with the US. A faction of the committee is reported to be pushing for the continuation of military rule for at least another two years.

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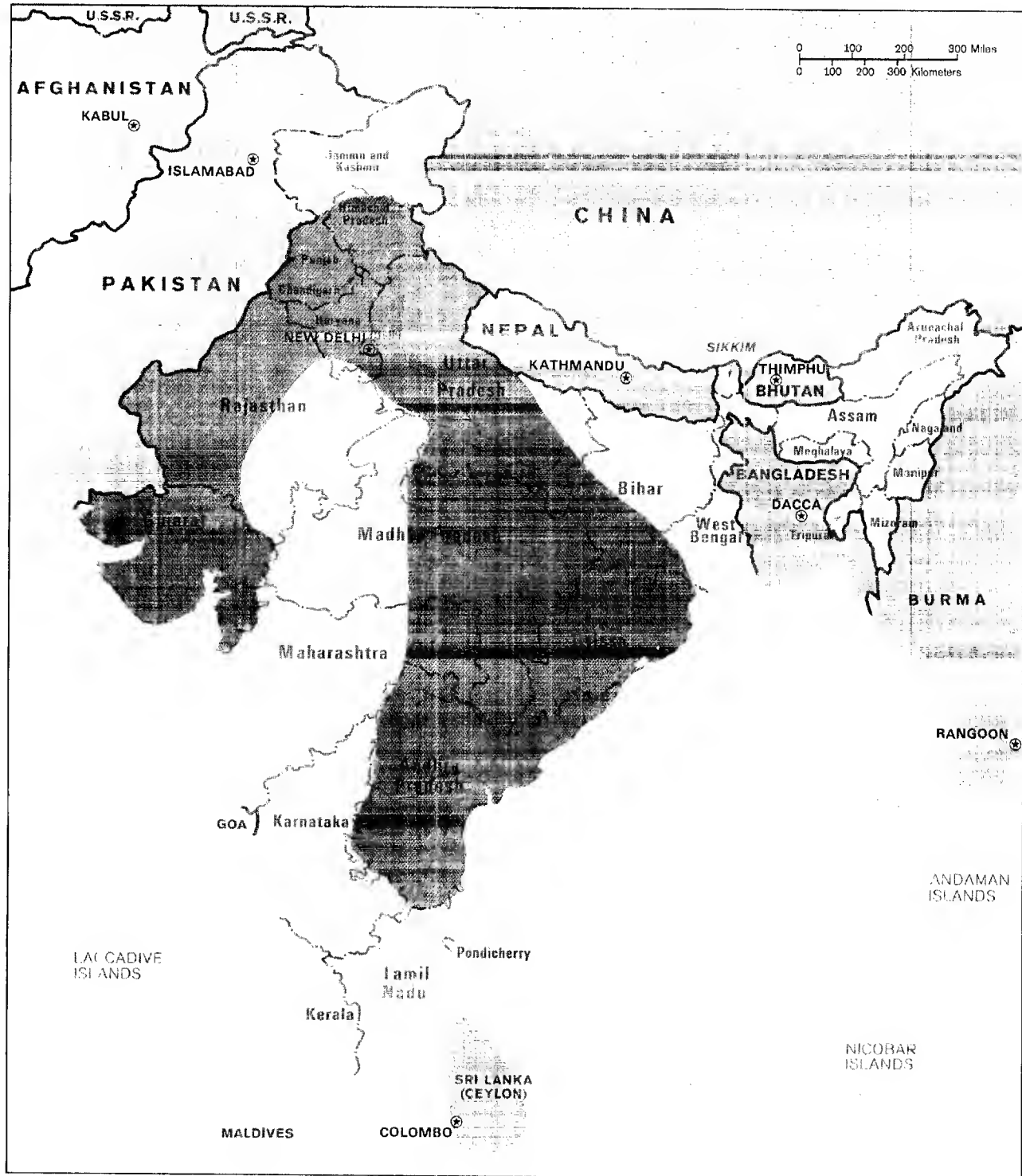
Aman is a Tigrean--one of Ethiopia's most important ethnic groups, and one which has regional ties to Eritrea. His adversaries with different ethnic and regional affiliations dislike him for this reason. They reportedly also resent the prestige and popularity he has gained as the leading identified member of the military government. During the past two months Aman has traveled to all parts of the country, reviewing military units and drawing large and enthusiastic crowds.

The new armed forces chief of staff is Major General Gizaw Belayneh. The 52-year-old Gizaw, an Amhara, is considered by US military observers to be an outstanding officer. He has had combat leadership and some training in the US.

Under the Haile Selassie regime, Gizaw was reported not to enjoy the full confidence of the emperor because of ties with officers involved in the 1960 coup attempt and because of his advocacy of social reforms.

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India: Area With Below Normal Rainfall



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New Delhi once again faces a tight grain situation because of a poor summer monsoon.

Rainfall throughout northern India between July 1 and mid-September has been well below average, with Gujarat and parts of other northern states especially short. They now face several months of drought. About two thirds of annual grain production is grown during the monsoon period from June through September and harvested from October through December. The monsoon also provides soil moisture for the winter sowing of spring crops and much of the water stored for irrigation.

The US embassy projects this fall's grain harvest at between 58 and 62 million tons. The current food-grain situation is analogous to 1972, when India last experienced a poor monsoon. While this fall's harvest is expected to be 1 to 5 million tons larger than the 1972 fall harvest of 57 million tons, India is worse off. Government stocks last July were only 4 million tons, compared with 9 million tons in July 1972, and the population has grown by 26 million persons. The outlook is not as bad as the situation during the mid-1960s, however, when successive drought years required grain imports of 20 million tons during a two-year period.

The poor fall harvest will increase pressure on the official grain-distribution system, which provides subsidized grain sales mostly in urban working-class areas. Urban demand for grain from government ration shops will increase as free market supplies decline. Hard-hit rural areas also will need government support. Following the poor 1972 monsoon, New Delhi provided 11.7 million tons of grain to the subsidized distribution system. A minimum of 12 million tons will be needed before June 1975 to avoid widespread unrest.

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Judicious distribution of government grain should reduce the incidence of food riots in urban areas. New Delhi will not be able to supply many of the isolated rural drought areas, but these areas are usually less vocal in their protests.

To get 12 million tons of grain for its distribution system, the government will need 6 million tons of imports. To date, India has arranged to import 3.1 million tons. The other 6 million will come from stocks, including projected procurement of 2 million tons from the fall harvest.

Indian officials obviously prefer food aid over commercial purchases. India already faces a sharp increase in its trade deficit as a result of higher import costs of food, oil, fertilizer, and other commodities. New Delhi is reluctant to use its foreign exchange reserves, in part because of the ever-present threat of successive crop failures.

Prospects for large-scale aid are uncertain. New Delhi has requested 1 million tons of EC wheat--half as aid, half for commercial purchase. According to press reports, this grain will be provided. New Delhi is seeking a repeat of last year's 2-million-ton grain loan from the USSR, but Moscow appears unwilling to make any commitment until its own situation becomes clearer.

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USSR

A Tass article recently revealed a brief outline of the Soviets' 15-year plan (1976-90). Priority attention is given to developing Siberia, expanding agriculture in the non-black-soil zone, exploiting energy reserves, and improving consumer welfare--the "prime target."

The Siberian development projects include further exploitation of petroleum and gas deposits; creation of a "territorial production complex" in Krasnoyarsk comprising a hydroelectric power station, a railroad car factory, and an aluminum plant, among other things; and construction of the Baykal-Amur railway through rich ore and timber land. The farm program for the non-black-soil zone, announced by Brezhnev in March, will be allocated 35 billion rubles for land reclamation and enrichment. The new plan also promises the Soviet consumer "an abundance" of high-quality foods, consumer goods, and better housing, with a corresponding growth in real income.

The announced projects show no radical departure from trends observed in the current five-year plan. They indicate, however, that Soviet economic development is becoming ever more costly. Siberian development, for example, requires the transfer of scarce men and materials across vast distances to the raw material sites and then the transport of the final product back to major population centers. Moreover, the successful extraction of oil and gas in the harsh Siberian climate and terrain will require the import of advanced technology from the West. In the agricultural sector, the Soviets are now forced to turn to land which requires large capital investment to make it productive.

Soviet planning chief Baybakov claimed in July that the 1975 plan would be completed by August 15, and that the 15-year plan would be drawn up by November 15. This means completion at the top level only, however, and a year or more may pass before specific goals are publicly announced.

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INTERNATIONAL FINANCE

West Germany has announced that it is leaning toward establishment of an international bank to attract surplus oil revenues from oil exporters and to relend the money to governments and businesses in oil-importing countries. The British also have come out in favor of a multilateral recycling plan. Both London and Bonn apparently intend to bring up discussions on various methods of multilateral recycling at International Monetary Fund meetings this week.

The West Germans would like for several reasons to see an international recycling scheme adopted. They feel that some sort of multinational recycling effort is needed to aid those countries that are unable to finance their deficits on their own. A large multilateral plan could provide Germany's trading partners with needed financing and prevent some of them from possibly adopting restrictive trade measures.

The adoption of a multilateral scheme would probably make it unnecessary for the EC to establish a limited recycling effort of its own. Chancellor Schmidt recently indicated privately that he opposes the EC plan--for which Germany, because of its strong financial position, would be the main de facto guarantor.

Britain favors a multilateral recycling plan for two reasons. First, the British may find it necessary in the future to borrow from such an institution. At this time, much of Britain's deficit is financed by deposits from oil producers and concessionaires. There are some indications that the UK will receive a smaller share of these deposits in the future. In addition, London is concerned about the stability of the Eurocurrency market, which is based mainly in London. Eurocurrency banks--banks which hold deposits of foreign currencies--are currently shouldering a large share of the burden of recycling oil revenues.

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• Dissident groups are stepping up their antigovernment activities, possibly in anticipation of the sixth anniversary of military rule on October 3. According to a press report, one group has called on Peruvians to observe a day of mourning to protest the "death of freedom in Peru."

The rising civilian opposition may presage a more serious long-term problem for the Velasco government than has previous antigovernment activity. For the first time since the military took power, there is evidence that middle-class groups are seriously attempting to institute a general antimilitary campaign rather than simply protest specific government policies.

Last August, following the government's expropriation of the press, middle-class dissidents were in the forefront of antigovernment disturbances. In the wake of these incidents, opponents of the military reportedly began formulating plans for a long-term "psychological terrorism" campaign against radical military leaders. A number of minor bomb blasts in the Lima and Arequipa areas in recent days could signal the start of such a campaign. In addition, for the first time, large quantities of antimilitary propaganda are being distributed on the eve of a major anniversary observance.

A sudden surge of serious terrorist activity is not likely, however, because the dissidents' plans do not appear to be very far along, and the recent incidents will cause the government to increase its vigilance against opposition violence.

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FOR THE RECORD

USSR-Poland: Soviet Foreign Minister Gromyko arrived in Warsaw last night from New York, where he had been attending the UN General Assembly meeting. His official visit to Poland, announced earlier this month, probably will be brief and dominated by a review with Polish leaders of his talks with top-level US officials. Polish party chief Gierek and Foreign Minister Olszowski are to make an official visit to Washington next week.

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